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October 19, 2015

Via ECFS

REDACTED – FOR PUBLIC INSPECTION

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W., Room TW-A325
Washington, DC 20554

Re: *Applications of New Cingular Wireless PCS, LLC, Bluegrass Cellular, Inc. and Bluegrass Wireless LLC for Consent to Assign Licenses, WT Docket No. 15-225*

Dear Ms. Dortch:

Bluegrass Cellular, Inc. and Bluegrass Wireless LLC (jointly “Bluegrass” or “Company”), by its attorney, responds (the “Response”) to the Wireless Telecommunications Bureau General Information Request dated October 5, 2015 (“Request”).¹ The Request seeks information to assist the Bureau to complete its review of the applications in the above-referenced proceeding.

The Request calls for Bluegrass to submit certain information sensitive from a commercial, competitive and financial perspective, and that Bluegrass would not reveal in the ordinary course of business to the public or its competitors. Bluegrass is submitting information on a Highly Confidential basis under the Joint Protective Order issued in this proceeding on October 5, 2015. Any inadvertent inclusion of material subject to an assertion of the attorney-

¹ Letter from Roger C. Sherman, Chief, Wireless Telecommunications Bureau, to Michael Grendi, Bluegrass Cellular, Inc., WT Docket No. 15-225 (October 5, 2015) and accompanying General Information Request.

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client attorney work-product, or other applicable privilege is not intended as a waiver of such privilege. Bluegrass requests that any privileged material inadvertently produced be returned to Bluegrass when such inadvertent production is discovered by any party, and reserves all rights to seek the return of any such material.

In the public version of the Response, Bluegrass has redacted Highly Confidential Information and marked the redactions with “[BEGIN BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION] ... [END BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION]”. The redacted Response is marked “REDACTED – FOR PUBLIC INSPECTION” and is being filed electronically in the Commission’s Electronic Comment Filing System (“ECFS”). The Highly Confidential, unredacted Response is marked “HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WT DOCKET NO. 15-225 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION” and is being delivered to the Secretary. Additional copies of the unredacted Response are being delivered as instructed in the Request.

RESPONSE

Request:

1. *Explain in detail the decision made by Bluegrass to assign the Lower 700 MHz B Block and C Block spectrum that is the subject of these applications to AT&T, including any attempts made to enter into a sale of this spectrum or alternative arrangements with parties other than AT&T.*

Response:

Background

In 1989, the FCC issued cellular licenses for eleven Rural Service Areas (“RSAs”) within the state of Kentucky. Three independent partnerships were awarded cellular licenses by the FCC, for the KY 3, KY 4 and KY 5 RSAs, and agreed to work together and form a cellular network that would cover all 34 counties within their license areas. In order to provide for common management and other telecommunications services, the three partnerships established Bluegrass Cellular, Inc., and decided to jointly market the cellular service in their license areas under the name “Bluegrass Cellular.”

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Five local telephone companies (either directly or through affiliates) continue to be the sole owners of the partnerships that operate as Bluegrass Cellular. Bluegrass was the first cellular carrier to provide analog cellular network service in rural Kentucky. Service was initiated in May 1991. Since the initiation of service, the Bluegrass wireless network has grown to provide coverage to 40 counties within its license areas.

Bluegrass is committed to serving as a pioneer of wireless service in rural Kentucky. In October 1998, the company launched digital cellular services in Central Kentucky. In November 2004, Bluegrass launched 2G enhanced services on its CDMA digital 1X data network, and in late 2007, EVDO 3G high-speed data service was added to its markets.

In 2010, Bluegrass became the first regional wireless carrier to partner in the Verizon Wireless LTE in Rural America program. Under that agreement, Bluegrass operates an LTE network that allows customers of Verizon Wireless (as well as other carriers' mobile customers) who roam in Bluegrass's area to make use of the 700 MHz, Upper C-Block spectrum.

700 MHz License Acquisition and Termination of the Bluegrass Market Expansion Plan

Bluegrass Cellular, Inc. was granted 700 MHz, Lower C-block licenses as the high bidder for the spectrum in FCC Auction Nos. 44 and 49. Bluegrass Wireless LLC acquired 700 MHz, Lower B-block licenses in FCC Auction No. 73. In addition to the purchase of licenses for the KY 3, KY 4 and KY 5 Cellular Market Areas (the "Core Markets"),² the Bluegrass companies also purchased 700 MHz, Lower C-block and B-block licenses for a number of nearby CMAs in the region, including CMAs 119, 209, 293, 409, 410, 444, 448 and 449 which are the licenses that are the subject of the proposed transaction with AT&T (the "Transaction Licenses").

Bluegrass anticipated offering a variety of wireless services beyond its Core Markets [**BEGIN BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION**]

² By 2008, when Auction No. 44 licenses were granted, the FCC had discontinued its reference to markets as Metropolitan Statistical Areas ("MSAs") and Rural Service Areas ("RSAs") and referred to all market groupings for cellular and Lower 700 MHz, C-block licenses as Cellular Market Areas ("CMAs").

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[END BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION]

Offering of Licenses by Bluegrass

On February 17, 2015, Bluegrass retained Alpina Capital, LLC (“Alpina”)³ to invite proposals for sale of the Transaction Licenses, five broadband Personal Communications Service (“PCS”) licenses, and network assets outside of the Company’s Core Markets.

On February 26, 2015 the following companies were approached by Alpina: **[BEGIN BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION]**

[END BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION] Potential bidders were invited to submit bids for the assets in whole or in part. Although Bluegrass expressed a strong preference for an all-cash transaction, it indicated to bidders that it would consider other transaction structures.

[BEGIN BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION]

[END BLUEGRASS HIGHLY CONFIDENTIAL INFORMATION] On June 15, 2015, a License Purchase Agreement was signed by Bluegrass and AT&T for assignment of the Transaction Licenses subject to receipt of FCC consent.

³ Alpina is a FINRA-registered investment bank that has assisted in over 100 wireless system or spectrum transactions since 2006.

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At the request of Bluegrass, Alpina re-invited proposals from multiple companies for sale of the five PCS licenses for areas beyond the Bluegrass Core Markets. A company other than AT&T expressed interest and the companies negotiated terms of a license sale agreement. However that prospective purchaser did not execute the negotiated purchase agreement. Subsequently an agreement was reached for a partial assignment of the PCS licenses to a second company (other than AT&T), subject to receipt of FCC consent.

Please direct any questions to the undersigned attorney for Bluegrass.

Sincerely,

A handwritten signature in blue ink, appearing to read "David L. Nace", with a stylized flourish at the end.

David L. Nace

Cc by email: Scott Patrick
Kate Matraves
Kathy Harris
Jim Bird